

Good Governance in 21st Century

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There are many in India who are deeply distressed about the nature of our politics. There is growing revulsion against politicians, parties and the political process. Much of our public discourse is dominated by the popular distaste for politics. But this deeply anti-political attitude assumes that our political crisis is an issue of morality and values. Most of the middle classes and youth have developed contempt for the politicians, and blame all those who are part of the political process for our current ills. But even a cursory examination will reveal that this contempt for politics is a flawed approach.

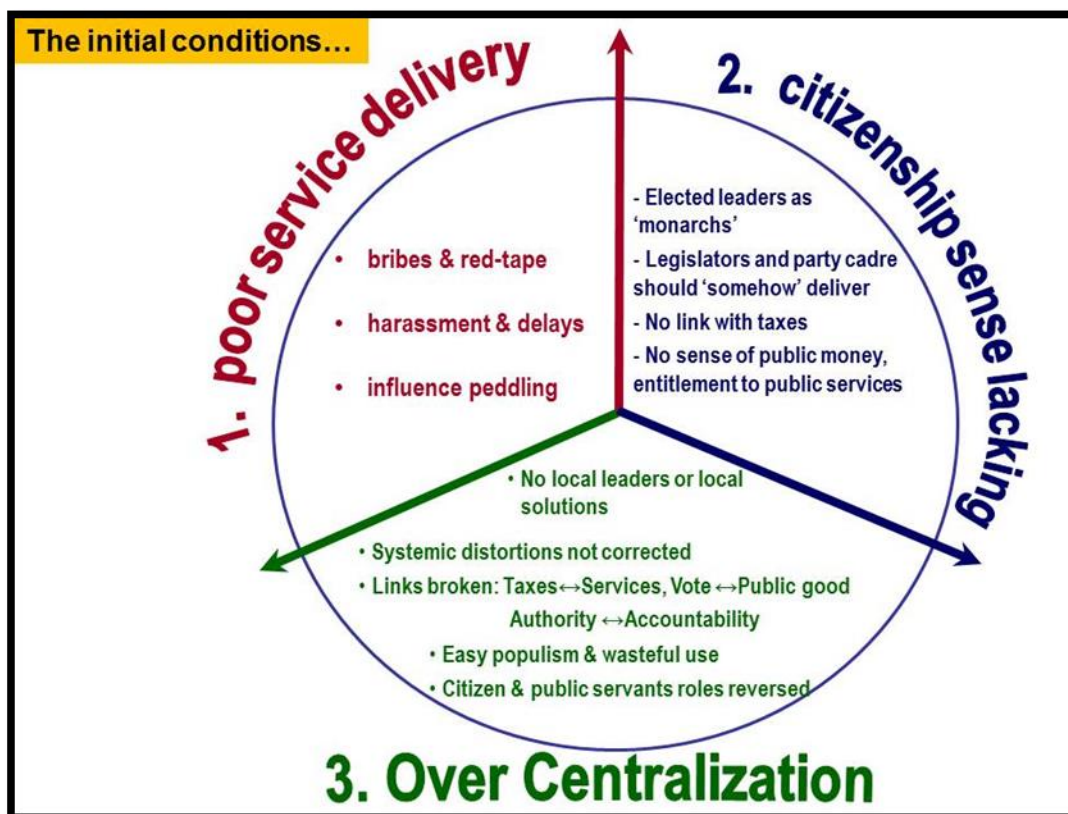
During freedom struggle and in the first few decades after independence, our political process threw up some exceptional men and women into positions of leadership. Public life and politics were marked by nobility and passion for public good and nation-building during those decades. Even today, there are great leaders who have made a phenomenal contribution to public good at various levels in many sectors. It would be absurd to assume that everyone in public life is a scoundrel, and all those who eschewed politics are angels. Clearly, there are deep-rooted structural issues which have led to the political and governance crisis in India in recent decades. In fact, many mature democracies did go through a difficult period of transition. It took a civil war and massive bloodshed to accept that slavery was immoral, despite the fact that the American founding fathers passionately believed that all men are created equal. The machine politics of Chicago, New York and Philadelphia took decades of reformist zeal and relentless struggle to clean up. Great liberal Gladstone and his successors in Britain took many measures, to clean up the 'rotten boroughs' and make politics a respectable and noble endeavour in the public eye.

In many ways, the travails of Indian democracy are by no means unusual, except that India's republican era coincided with a period of breath-taking technological and economic revolution.

In order to understand the nature of our crisis and resolve it, we need to focus on our unique initial conditions when democracy and universal adult franchise were institutionalized in India. No other nation before us dared to embrace the revolutionary idea of total equality of all citizens across caste, region, religion, language, gender, class, education, status and wealth from its very inception. That we succeeded as well as we did under the circumstances is nothing short of a miracle. But certain institutional and cultural flaws which are inimical to democracy have not been adequately corrected during our republican journey, and the resultant distortions have undermined our democratic process.

There are three crucial initial conditions which, uncorrected, had grievous consequences. The first is the asymmetry of power between the colonial subject and an

all-powerful bureaucracy. Our public servants were never taught humility, and they never saw themselves as individuals who delivered services to the people, the tax payers. Even the lowliest public servant was more influential, economically more secure, and more powerful than the vast majority of the people, who were the notional masters in a democracy. In this climate, getting even a simple service like a birth certificate, a land record or a water or electricity connection was then an excruciatingly painful and difficult process. Without red-tape and bribes, harassment and delays, and without influence-peddling and *sifarish* of some bigwig, almost nothing got done. With some improvement of literacy and economic status of sections of people, and with the advent of technology, there is some improvement in delivery of services; but even now for most basic services and amenities most people continue to rely on bribes and *sifarish*. This sense of abject helplessness and dependence is accentuated by an intrusive state in a socialist era. Citizens had to approach the state functionaries for practically everything – a ration card, sugar, kerosene, cement, telephone, electrical connection. The state monopoly combined with inefficiency and corruption made the public servants even more powerful and unaccountable in independent India than during the colonial era.

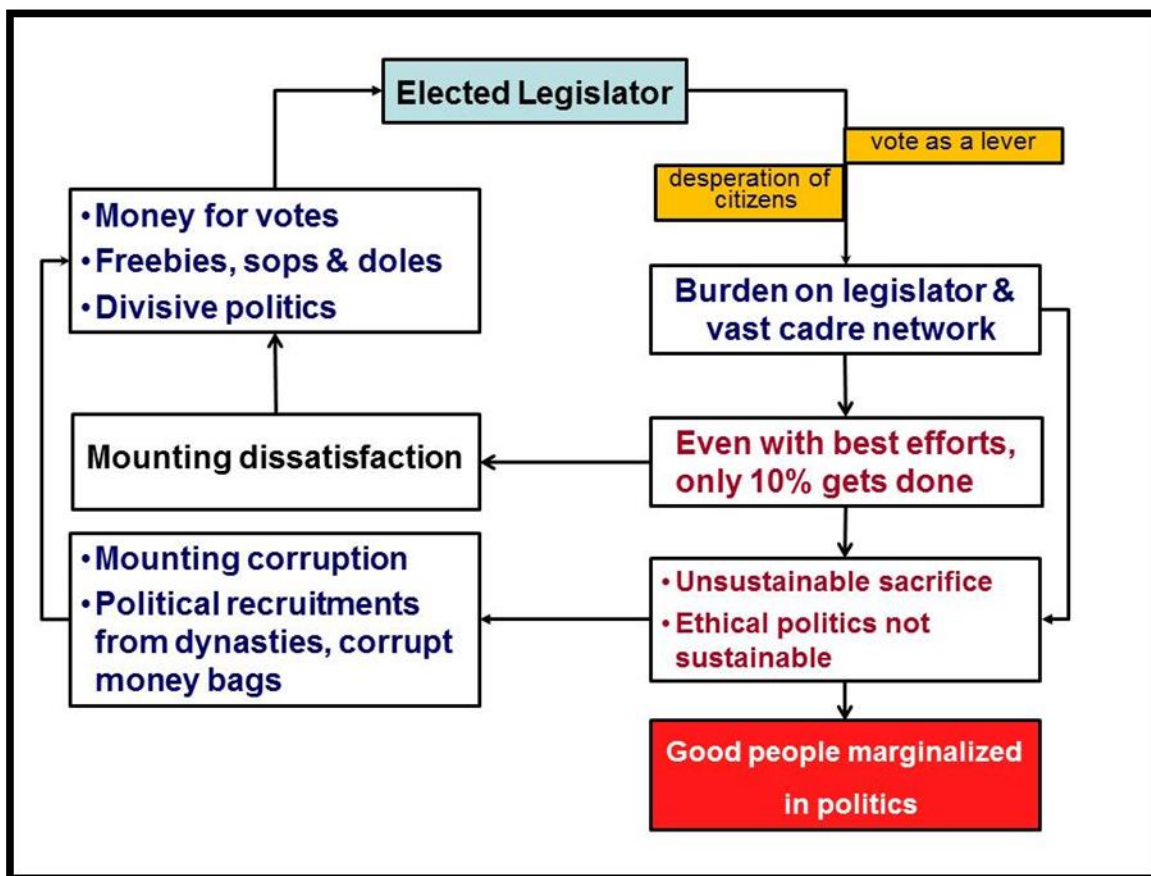


Source: FDR/Lok Satta Research and Documentation Unit

The second complicating factor was the absence of the notion of citizenship. After centuries of oppression most people saw themselves as subjects, not citizens. While universal franchise and liberty were real enough in democratic India, they were merely

superimposed on the existing notions of authority and power. While earlier hereditary maharajahs and colonial masters were the unchallenged rulers, in the new era the elected leaders and high officials became the new 'monarchs'. Just as a monarch's word was law, and complete surrender and appeal to his mercy were the safest option in the earlier era, the elected monarchs would 'somehow' fulfill all their needs and expectations. We were never enabled to realize that there is a link between taxes we pay and services we get, and that public money is meant for public goods and services. By some magical process called the 'election', and the 'ballot box', the new maharajahs are chosen with our vote; and now these legislators and their party cadres would 'somehow' deliver everything we need. In this climate there is no space for the notion of rule of law and due process to take roots. Everything is linked to an individual's access to those in power, particularly the legislator who sought your vote, and, therefore, is beholden to you, and is more accessible than the aloof, arrogant bureaucrat.

This over-reliance on the elected legislator and party cadre to deliver in a dysfunctional and recalcitrant system imposed an enormous burden on them. A vast parallel party bureaucracy had to be built to address people's needs and grievances. During freedom struggle, many, many people sacrificed their time, energy and resources willingly in the service of the nation. The romance of freedom struggle, an idolatrous sense of patriotism, and the relatively low opportunity cost in a stagnant, agrarian economy made such sacrifice relatively less painful. But to expect a similar sacrifice in the mundane task of day-to-day service delivery in a free republic would be unrealistic. This is especially true when many are feathering their nests in the newly emerging license-raj. As the agrarian stagnation is giving way to modest economic growth and, therefore, the opportunity cost of giving up a career is very high, such sacrifice is highly unsustainable. The new-found power over levers of state and arbitrage of license-permit raj gave many opportunities for the elected legislators and party cadres to secure their own economic future. The legislators who chose to adhere to the values of sacrifice and morality of the freedom struggle were either marginalized in time, or chose to leave politics. Abuse of office, corruption, politics, and service delivery, based on a patron-client system have been institutionalized for years. Even as the license-permit raj is dismantled to some extent, the rise of populist culture of transferring individual benefits to the poor and not so-poor ensured that political patronage networks are intact.



Source: FDR/Lok Satta Research and Documentation Unit

But there are two problems with this form of service delivery. First, there was no effort to make bureaucracy more effective and accountable. Therefore, despite the most strenuous efforts of legislators and party cadres, the service delivery was inadequate and very unsatisfactory. This led to mounting dissatisfaction, and the voters are increasingly sullen and resentful at the time of election. Second, the system is sustained by massive corruption and abuse of office. Transfers and postings, licenses and permits, contracts and tenders, land grants and mining, police cases and file movements – everything is greased by corruption. This again eroded the legitimacy of both the politician and bureaucrat, and made people ever more mistrusting of the politicians and the system.

The third distortion was centralization of power. While half-hearted efforts were made to involve the local communities in some decision-making for some time, in general the post-independence Indian state is highly centralized with little local initiative and empowerment. There was no link between taxes and services. Everything is based on the patronage and good will of the players in the centralized state. There is no link between vote and public good. In a wooden, inflexible, centralized system, no matter who is elected, nothing really changes. Therefore, vote ceased to have a positive

value. Authority is totally divorced from responsibility. Therefore, a system of realistic and plausible alibis has come into being, in which most things fail, but nobody is held accountable. Once the possibility of emergence of local leadership and implementation of local solutions is denied, the centralized government had to resort to either easy populism and wasteful use of resources to retain the loyalty and vote of people, or coercion and control to keep them in line. Either way, the roles of citizens and public servants are reversed, and people became mendicants.

These three initial conditions – poor service delivery, absence of citizenship, and over centralization – led to many familiar distortions of democracy. Increasingly, vote has a price, and people are enticed to vote for money and liquor. In many states, it costs about Rs 2-6 crore for every major party candidate to be able to seriously compete for a Legislative Assembly seat. Increasingly, more and more voters are seeking money and other inducements from all candidates. Large expenditure is a necessary condition for serious competition, but does not guarantee victory. More expenditure, complicated by paid news and other pernicious practices, results in more corruption, more cynicism and even more vote-buying. The best and brightest individuals increasingly shun politics, and they are seen as unelectable. As all mainstream parties are indulging in vote-buying, more is needed to get votes. A culture of reckless, competitive populism and endless freebies at the cost of the essential functions of government has now become endemic. Rule of law, justice, infrastructure, basic amenities, education, and healthcare have been largely neglected in favour of direct, individual, short-term benefits. Most of these benefits are transient, and they neither enhance the capacities of the poor, nor empower them. Therefore poverty is perpetuated, and with failed public services, the poor who depend on government infrastructure and services disproportionately suffer the most.

Rule of Law is the bedrock of market economy and growth. Proper land surveys, assured property titles, speedy and fair adjudication of disputes, swift punishments for violation of law, quick and effective enforcement of contracts and non-discriminatory treatment are all critical requirements to ensure predictability and encourage investment, risk-taking and hard work. While normatively we have an independent judiciary and institutions of rule of law, in reality they are moribund and ineffective. As a result, there is a growing market demand for criminals in society, and mafia and musclemen have become the undeclared judges dispensing rough and ready justice by brutal means for a price. There are reports of even a few foreign banks in India hiring musclemen to enforce recovery of overdues. Clearly such a climate inhibits economic activity and retards growth. There are many low cost, politically acceptable, popular mechanisms to improve justice delivery and rule of law. This alone will enhance growth by at least one percent per annum.

The discussion on politics, quite often, boils down to human nature. Some argue that all human beings are essentially bad, wicked and violent and call for authoritarian political systems to control them. Others, who contend that the society has right values,

advocate open and democratic political systems. In both these approaches, the value system guiding human action is seen as the determining feature in the design of political institutions. However, it is the institutional framework that defines and shapes, sustains and promotes a value system in society.

Quite often people lament about the decline of values in our society. Many believe that corruption, lawlessness and criminalization of politics are consequences of declining values. However, we must remember that values are inter-related and their significance in democracy is contingent on consequences they result in. Values such as honesty, trust, sacrifice, cooperation and reciprocity are very strong within a family or a caste group in India. Therefore, it is not the absence of values that is bedeviling India. It is the prevalence of values within restricted social groups and not across social groups that is resulting in negative externalities such as nepotism, corruption, criminalization of politics and dynastic politics.

It would be very tempting to characterize this problem – absence of values in broader social space – as something very Indian. The truth is that values are roughly the same in every culture and civilisation throughout history. A small fraction of population always has inherent sense of values that does not require to be enforced by external compulsion – be it social sanction or law enforcement. Similarly, there is always a small fraction of population that tends to indulge in bad behaviour unless restrained firmly by society or law. If good behaviour is rewarded and bad behaviour punished consistently, most people tend to behave well, but if the contrary is true, most people maximize short-term private gain at the cost of society. In effect, the overall societal behaviour is a reflection of the ability of law and society to reward good behaviour, or correct bad behaviour.

Take a planeload of Indians travelling West either for pleasure, business, study or work. Most of them who are not used to observing any rules behave differently soon after landing. They notice that people are standing in lines and following the traffic rules. If by force of habit they lower the car window to throw a piece of paper immediately their host warns them against it. The slow learner painfully realizes that violation of even simple rules is followed by fines, penalties or loss of job.

If after some years of stay abroad, these same people return to India and try to drive the way they do abroad, they soon realize that everybody is overtaking them on all sides and it would take them a painfully long time to reach their destination! Or if they do business the same way as abroad, they realize that nothing gets done without their greasing palms. Most people fall in line quickly and they seek short-term gain at the cost of society.

This crisis is not essentially on account of decline in values in society, nor is it because we have the wrong kind of people in politics, bureaucracy and judiciary. We have designed a system where it is extremely difficult to do good, but bad behaviour is lavishly rewarded. Therefore, corruption, lawlessness and criminalization are merely

manifestations of failure of governance. Gladstone, the British statesman of the 19th century said, “the purpose of a government is to make it easy for people to do good, and difficult to do evil.” Our government does the exact opposite, and the results are predictable.

Extortionary corruption and arbitrariness in tax departments are sapping the energies of small and medium enterprises and seriously eroding the competitiveness of our manufacturing sector. The direct taxes have witnessed some measurable improvements. But the administration of central excise, service tax, customs and state-level sales-tax are still largely discretionary, unpredictable and arbitrary. Rent-seeking behaviour is, therefore, exceedingly common, seriously undermining the competitiveness of honest tax payers, and diverting the precious time and energy of the entrepreneurs. Transparent, industry-friendly procedures will not only help the economy, but also enhance revenues. It costs no money, and yet boosts growth.

Improvements in this sector cost little, make the government popular, accelerate economic growth by 3-4 percent, promote investment and employment generation, and create several virtuous cycles of growth, savings and investment. All these are eminently feasible, but require bureaucratic accountability and delivery of services, sound, self-correcting, sustainable policies, and display of minimum level of political skills to build consensus and mobilize public opinion in favour of these improvements.

Apart from this, we need to involve Civil Society and ordinary citizens to improve efficiency and combat corruption in the state apparatus. There are mechanisms for involving citizens directly in the fight against corruption. In the US, there is a law called False Claims Act, which directly empowers citizens. Any citizen can file a civil suit on behalf of the Federal government if there is corruption and loss to the public exchequer – directly in monetary terms, or indirectly by way of social or environmental costs. The court is empowered to swiftly try such cases called qui-tam suits, and impose a penalty equal to three times the loss sustained. The citizen gets 15-35% of the penalty as compensation for his initiative, depending on the degree of involvement. Over the past 15 years, nearly \$15 billion was thus recovered in these qui-tam suits.

Right to information, citizen’s charters, and other people-friendly measures of accountability are powerful weapons in the fight against corruption. In AP, a citizen’s charter for the municipalities provides for a compensation of Rs.50 per day’s delay in a few basic services. This measure, which came about because of Lok Satta’s advocacy, has had a very salutary effect in improving those services and minimizing corruption. Surveys reveal that in those services, satisfaction levels now are over 90 percent. The recently enacted Right to Information law is well-drafted and citizen-friendly. Once this is operationalized in all agencies, states and local governments, it will be a powerful tool in the hands of citizens. Civil society organizations need to seize the opportunity and educate, organize, and mobilize the public in this fight against corruption.

Finally, we must recognize that our political system itself is founded on corruption. Vast, illegitimate expenditure in elections and multiple returns in office have become a vicious cycle distorting our democracy. Politics has become big business. Increasingly, a new class of entrepreneurs who are willing to 'invest' vast sums is attracted to politics. There is thus an inexhaustible appetite for illegitimate funds in our system. Every lever of state is manipulated to get multiple returns on investment. The estimated expenditure of candidates and parties, in elections for Lok Sabha and State Assemblies in a cycle of five years is about Rs. 10,000 crore. Most of it is illegitimate and unaccounted. The system can be sustained only if there is a ten-fold return to politicians to cover risk, return on investment, provisioning for the next election, upkeep of an army of political 'workers,' and private gain. In return, politicians created a system of rent-seeking, with corruption proceeds shared with the bureaucracy. Given that the employees extorting money vastly outnumber politicians, the actual corruption over a five-year period to sustain this corruption chain is of the order of Rs. 10,00,000 crore or Rs. 2,00,000 crore per annum. This is the burden of corruption that citizens face. The message is clear: corruption can be substantially eradicated; but it needs painstaking efforts and will, and most of all, far-reaching political reforms.

In the face of this mounting crisis, there have been concerted attempts over the years to improve things. While these reforms are inadequate to address the growing challenges, they do indicate that the political parties, legislature and constitutional authorities are alive to the need for reforms. Not all changes are positive or flawless, but cumulatively they certainly help improve the situation. A brief outline of some of these developments will be of value in understanding the present situation.

The 73rd and 74th Constitutional Amendments enacted in 1993 are ambitious in scope, and were aimed at creating the third tier of federalism. While the intention was sound, unfortunately these amendments ended up creating over-structured, under-powered local governments. The net result is, we have elected local governments without real or substantive devolution of powers and resources. In a few States like Kerala there is more genuine devolution, but in most States the legislators and bureaucracy forged a formidable alliance to resist decentralization. Increasingly, the state legislator became the disguised executive taking control of all local issues. This exercise of power without authority undermined local governments, made bureaucracy unaccountable, and rendered service delivery ineffective. As a result, public dissatisfaction, and in large parts of India, public disaffection, continue to mount.

Years of civil society activism and judicial pronouncements finally made it mandatory in 2003 for candidates for elective office to disclose their antecedents, including education, financial information and criminal record, if any. Experience of disclosures for about a decade shows that constant public pressure on political parties can improve candidate choice in the long term. Established politicians with criminal record have struck deep roots in politics, and have successfully erased their criminal record using a pliable system. But major parties do refrain from nominating new candidates with criminal

record, provided citizens' movements are strong enough to make candidate choice a key issue.

The year 2003 saw a significant improvement in political funding. The law now provides for full tax exemption to individuals and corporates on political contributions to parties. Thus, an incentive is now provided for legitimate funding of political activity. All contributions over Rs. 20,000 should now be disclosed along with a party's annual accounts. The law also provides for equitable sharing of time by recognized political parties on the cable television network and other electronic media (public or private). This last element has not yet been implemented as rules have not been framed. Once this law is implemented in full, in the long term, a robust and viable mechanism would be in place to meet the legitimate campaign needs of political parties. However, as most contributions are in cash and unaccounted, and as most expenditure is for illegitimate purposes like vote-buying, mere campaign finance reform is not sufficient to change the nature of politics.

Through the 91st amendment to the Constitution, the size of the Council of Ministers in the Union and States is now restricted to 15% of the strength of the lower House. The days of jumbo-jet cabinets are now gone. With smaller cabinets, parties are now constrained in doling out ministerial positions in return for political support.

The anti-defection provisions of the X Schedule have been strengthened considerably, and 'splits' and group defections are no longer possible. A defecting member is now compelled to resign from the legislature and seek reelection. This has certainly brought greater stability and reduced defections. However, as party whip is not limited to a vote affecting survival of the government – money Bills and no-confidence motions – and, therefore, healthy debate and legitimate dissent are stifled. Also past evidence shows that partisan presiding officers loyal to the government cannot always be trusted with the power to decide on disqualification.

In 2003, Parliament amended the Representation of the People Act removing domicile requirements for election to Rajya Sabha from a State, and mandating an open ballot in Rajya Sabha election. While critics argued that removal of domicile requirement violates federal character, many observers felt that the parties have tacitly acknowledged the need to get competent persons elected to Rajya Sabha, as Lok Sabha elections have been beyond the reach of all but a few very wealthy candidates. Removal of domicile requirement enables parties to get desirable candidates elected from states where they have strength, and open balloting eliminates horse-trading. While these changes in Rajya Sabha election do not address the real crisis affecting our legislatures, they are nevertheless real, short-term responses to growing problems of governance.

In 2005, Parliament enacted the landmark Right to Information Act, strengthening accountability and empowering citizens. Similarly, the Election Commission has improved voter registration over the years, making the system cleaner and more accessible. However, there still is no permanent, citizen-friendly, transparent, verifiable

mechanism for voter registration. If post office becomes a permanent nodal agency for voter registration, things will improve considerably. The 2009 law on Gram Nyayalayas now makes justice delivery in simple cases accessible, inexpensive and citizen-friendly. However, many states are slow to creating local courts despite central assistance. The 97th amendment to the Constitution, enacted in 2012 has now protected the citizens' right to form and run cooperatives as a fundamental right without undue interference from governments.

In recent months, the Lokpal Bill and Service Guarantee Bill providing for time limits for service delivery and compensation for delays are two robust responses improving accountability. Similarly, a National Judicial Commission and an Indian Judicial Service are in the pipeline to improve the quality of higher judiciary.

All these reform initiatives indicate that our political and governance system is alive to the challenges and capable of addressing them. But these responses are insufficient to address the underlying structural problems deepening the political crisis.

Does our politics measure up to the challenges of today? Four unhappy characteristics dominate our political landscape. First is the patronizing attitude to people: citizens know nothing and are parasitic; and they need regulation, protection and doles. As a corollary we need *centralized administrative apparatus*, as large number of citizens are ignorant and are incapable of participating in local governance structures. The notion that citizens have no capacity to understand their self-interest and are incapable of taking charge of their own lives at local level is absurd in a democracy. And yet, we extol the virtues and wisdom of voters when they exercise their franchise in electing state and national governments. Many of us admire China's rapid economic growth in recent years. But we often ignore the fact that the employment and exports in China are powered by the millions of town and village enterprises (TVEs) with the support and active participation of local governments. One of the ironies of contemporary history is authoritarian and communist China is far more decentralized than liberal democratic India! When the British argued that we were not fit for freedom, our leaders pointed out that good government was no substitute to self-government. They had to grudgingly admit that the British did give good government, and yet we fought for our freedom. Today, centralized government has become a repository of corruption, incompetence and misgovernance. What we have in the name of governance is constitutional brigandage and legal plunder and yet we continue with highly centralized administrative apparatus, which does not facilitate peoples' participation in governance apparatus.

Given this complex nature of our crisis, we need a multi-pronged strategy to improve the efficiency of governance machinery in order to have a faster and equitable growth. However, can something be done to accelerate growth within the stated fiscal and political constraints? In other words, are there painless, low-cost solutions? Happily, there are at least five areas improvements which will raise growth rates spectacularly.

All these are politically feasible, win-win solutions, which can be implemented within the present or projected budgetary allocations.

Firstly, delivery of education and skills – at both school and university level. Allocations for schools have gone up, and the recent education cess is universally accepted. But even in this day and age, our focus is merely on enrolment and retention, and not on quality. As a result, much of our education is futile. Functional literacy, communication skills, conceptual clarity, skill promotion, and creation of meaningful knowledge and its application form the essence of education.

Except for a few elite schools and colleges, and a small proportion of gifted children, most of our education is unproductive. As a result, millions of unemployable school and college graduates are churned out every year. Happily, there is phenomenal demand for quality education. Even the poor are willing to spend considerable sums for education, in the hope of a better future for their children. Sensible policies and non-monetary inputs based on best practices will improve the quality of human power, and enhance growth rate by at least one percent.

Second, we need to focus on infrastructure building and economic growth. The history of the world over the past century, and our own experience since 1950 showed us clearly that we need to redefine the role of the state. The license-permit-quota raj failed to deliver. We need competition and choice in economic arena, backed by a competent and purposive government to create the necessary conditions for harmony and prosperity. The most vital tasks of government in a modern society are public order, justice and rule of law. Without peace, just settlement of disputes, speedy and efficient justice, and equal treatment before law, we cannot promote economic growth or job creation. The next in order of priority is creation of basic infrastructure – electrical power, transport, water, sewerage, drainage, land development and natural resources development. Third in order of priority would be education and healthcare of quality being accessible to all, so that every child can fulfil her potential and all avoidable suffering is eliminated.

These three are the vital, irreducible minimum functions of a modern government. A government which fails to deliver these has no right to deploy resources and attend to any other sector for short-term political gains. Indian governments and political process have ignored these national goals, and are busy pursuing short-term policies and programmes to maximize political gains at the cost of long-term public good. Creation of jobs, promotion of manufacturing industry, enhancing quality and competitiveness of our products, technological innovation and incomes are the only true recipe for ending poverty and fulfilling our potential. Once these basic goals are reached, parties and governments are free to pursue other goals subject to people's mandate and availability of resources. A massive national effort transcending party politics should be launched to rapidly industrialize the nation, and create jobs. All fetters to job creation should be removed, and all institutional and structural impediments to economic growth should be dismantled.

Third, establishment of rule of law is critical for societal stability and economic growth. The measures encompass far-reaching police reform including insulation of crime-investigation from political vagaries, judicial reform at all levels to ensure efficient and speedy justice, service guarantees to ensure that tax-payers get services as an entitlement without delay or corruption, and effective mechanisms to curb corruption including special courts, speedy trials, swift and sure punishment and confiscation of properties of corrupt public servants.

Fourth, power should be transferred to local governments as close to the people as possible. One simple mechanism would be to transfer at least 20% of government expenditure as percapita devolution to the smallest tiers of local government – a village panchayat or a municipal ward, as untied resource to fulfil its mandate, but with a strong system of accountability including independent, effective local Ombudsmen to check abuse of office. The present constitutional arrangements only helped to create over-structure, under-powered, largely ineffective local governments. We need to create an effective, empowered third tier of government in which taxes and services are linked, vote is related to public good, and authority and accountability fuse. Wherever such empowerment has taken place, results have been extremely positive. The milk revolution heralded by autonomous dairy cooperatives, the pioneering work of local governments like Alandur municipality in Tamil Nadu and the early successes in community development led by visionary local leaders in several states are a testimony to the efficacy of decentralization of power with well-designed incentive.

One of the great achievements of the Indian republic is the building and maturation of a strong and enduring federal structure at the second tier level in the most complex, diverse, and plural, multi-ethnic and multi-lingual society in human history. In the post-War world, no other society succeeded in building an enduring federal structure. The Soviet Union and Yugoslavia collapsed and disintegrated in the 90's. That makes India's case quite unique. Several factors – the Bommai case judgment which rendered Art 356 a "dead letter", economic reform and the decline of license-permit raj, reduced importance of Union Public sector investments, more transparent devolution of resources, and rise of regional parties and coalition governments – accentuated this trend. Now we need to strengthen the third tier of federalism and make it into an effective instrument for citizen empowerment and local delivery. Local devolution, convergence, accountability innovation and unleashing of community's energies and leadership should be the basic principles for building the third tier. The driver of this change will probably be urbanization. The cities are increasingly self-reliant as their tax base is widening and property values are escalating. Increasingly, the urban tax payer is restive and demanding better infrastructure and services. If the political leadership and bureaucracy respond to people's urges with imagination and innovation, the third tier will come into its own. For instance, transfer of 10% of state expenditure and 25% of Union devolution to states directly to the local governments at the level closest to the people – the village panchayat and municipal ward – with proper monitoring and

accountability mechanisms – will unleash people’s energies and nurture new leadership.

Finally, we need to create an electoral system that makes the clean, competent and public-spirited citizens electable. Our present FPTP (first past the post) system had created perverse incentives in a largely poor, fractious and illiterate society. A suitably designed model of proportional representation will alter the incentives and give value to every vote. For instance, a PR model with multi-member constituencies and operating with the state as a unit, with a minimum threshold voting of, say 5% of the total valid vote polled, as the requirement for a party to be eligible for representation in the state legislature and Parliament would eliminate dependence on marginal vote. As a consequence, vote buying will not give great advantage to a party which has crossed the threshold. Corruption will diminish, and ethical politics will be sustainable. Parties would be able to propagate rational economic policies for long-term public good, without having to yield to short-term populism for power. Political polarization and yielding to vote bank politics to gain marginal vote would no longer be necessary for survival and power. A virtuous cycle can be established in politics, facilitating healthy public discourse, rational agendas, participation and rise of credible, public-spirited citizens in politics, greater voter participation and better outcomes in terms of public policy and outcomes.

The 20th century witnessed decolonialization and creation of an extra-ordinary nation which, against all odds, survived as a democracy, preserved liberty, nurtured plurality, and achieved moderate economic growth. But India is still a nation whose potential, as that of a majority of her citizens, remains largely unfulfilled. The experience of the 20th century taught us valuable lessons as to what approaches, incentives, structures and policies are most likely to yield desired results. We now have the experience, institutions, technology and resources to transform our political and governance process, and reclaim the republic stolen from us. The 21st century offers us an exciting opportunity to fulfill our potential and liberate the bulk of our people from the scourges of poverty, unfulfilled potential and avoidable suffering.

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